

April 14, 2010

ITEM NO. B3

AUTHORIZATION TO: 1) LOAN ILLINOIS AFFORDABLE HOUSING TAX CREDIT (“IAHTC”) PROCEEDS TO THE OAKWOOD SHORES SENIOR APARTMENTS LIMITED PARTNERSHIP IN THE APPROXIMATE AMOUNT OF \$760,452 FOR THE DEVELOPMENT OF A SENIOR BUILDING AT THE OAKWOOD SHORES REDEVELOPMENT SITE; AND 2) EXECUTE SUCH DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (“Board”) authorize the Chief Executive Officer or his designee, on behalf of the Chicago Housing Authority, to: (1) Loan Illinois Affordable Housing Tax Credit (“IAHTC”) proceeds to the Oakwood Shores Senior Apartments Limited Partnership in the approximate amount of \$760,452 for the development of a senior building within the Oakwood Shores redevelopment site; and (2) Execute such documents and perform such actions as may be necessary or appropriate to implement the foregoing.

FUNDING

No CHA Funds Required

EXPLANATION

Developer

Pursuant to a competitive Request for Qualifications (“RFQ”) The Community Builders, Inc. (“TCB”) was selected as the developer to develop a privately owned senior building within the Madden/Wells redevelopment area. TCB elected to enter into a joint venture Agreement with UJIMA that outlines the roles and responsibilities of TCB and UJIMA for the proposed senior building. The developer formed Oakwood Shores Senior Apartments Limited Partnership to own the project and has established Oakwood Shores Senior Apartments, Inc. as its managing General Partner.

In May of 2006, the Board approved: 1) TCB as the selected developer for a senior building within the Madden/Wells redevelopment; 2) authorization to issue an option and execute a ground lease; and 3) submission of a disposition application to the U.S. Department of Housing and Urban Development (“HUD”). Subsequent to Board approval, TCB was unsuccessful in receiving the requisite HUD Section 202 Grant funding which, in part, led to a location change for the construction of the senior building and expiration of the option on the land initially contemplated to be used for this development project.

In June of 2008, the Board granted authorization to: 1) issue a new option and execute a 99-year ground lease with (TCB) or its affiliate; and 2) submit a disposition modification to HUD since the development site location had changed.

Oakwood Shores Senior Apartments Overview

Oakwood Shores Senior Apartments will be a newly constructed, independent living facility for the elderly that is a part of the revitalization for the former Madden Park/Ida B. Wells/Darrow Homes development.

Oakwood Shores Senior Apartments will consist of seventy-five residential rental units reserved for residents 62 and above plus one manager's unit. Fifty-nine units will be income restricted to occupants with incomes at or below 50% of AMI and sixteen units will be restricted to households with incomes at or below 60% of AMI. Seventy-one units will be one bedroom units and five units will have two bedrooms for a total of seventy-six units. Fifty-nine units will be targeted to seniors living in or formerly from the Madden/Wells and other public housing developments as well as other seniors who meet HUD Section 202 income requirements. The building will be located on the west side of South Cottage Grove between 37th Place and 38th Street. The land is owned by the CHA and will be ground leased to the development partnership for 99 years.

TCB was awarded the HUD Section 202 Grant in January of 2009 and has an eighteen month period within which to close this mixed finance transaction.

Oakwood Shores Senior Apartments Financing Summary

The Oakwood Shores Senior Apartments will be constructed for a total development cost of approximately \$18.8 million and is expected to be funded by the following approximate sources of financing:

- 1) \$9,127,542 in HUD Section 202 Capital Advance: TCB received the award for this \$9,127,542 Capital advance.
- 2) \$5,530,643 in 4% Low Income Tax Credit (LIHTC) Equity
- 3) \$2,688,256 City of Chicago HOME Funds: The City of Chicago's Department of Community Development ("DCD") has approved the HOME loan in the amount of \$2,688,256.
- 4) \$760,452 Illinois Affordable Housing Tax Credit (IAHTC) Equity
- 5) \$285,000 DCEO Solar Grant: TCB received \$285,000 from DCEO.
- 6) \$117,576 US Treasury Energy Grant
- 7) \$100 GP Capital Contribution

The Illinois Housing Development Authority will provide a total of \$874,083 IAHTC, aka 'donation tax credits'. The total \$874,083 of donation tax credits will be syndicated to U.S. Bank at a purchase price of \$0.87 per credit to provide approximately \$760,452. U.S. Bank will

wire the donation tax credit proceeds to an escrow held by the title company and controlled by CHA. CHA will authorize the title company to wire funds from the CHA-controlled escrow account to the main escrow account for the Oakwood Shores Senior Apartments. No CHA funds are required for this transaction.

Based on the foregoing, it is in the best interest of the Chicago Housing Authority to: (1) Loan Illinois Affordable Housing Tax Credit (“IAHTC”) proceeds to the Oakwood Shores Senior Apartments Limited Partnership in the approximate amount of \$760,452 for the development of a senior building within the Oakwood Shores redevelopment site; and (2) Execute such documents and perform such actions as may be necessary or appropriate to implement the foregoing.

RESOLUTION NO. 2010-CHA-44

WHEREAS, the Board of Commissioners has reviewed the Board letter dated April 14, 2010, requesting authorization to: (1) Loan Illinois Affordable Housing Tax Credit ("IAHTC") proceeds to the Oakwood Shores Senior Apartments Limited Partnership in the approximate amount of \$760,452 for the development of a senior building within the Oakwood Shores redevelopment site; and (2) Execute such documents and perform such actions as may be necessary or appropriate to implement the foregoing.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners hereby authorizes the Chief Executive Officer or his designee, on behalf of the Chicago Housing Authority, to: (1) Loan Illinois Affordable Housing Tax Credit ("IAHTC") proceeds to the Oakwood Shores Senior Apartments Limited Partnership in the approximate amount of \$760,452 for the development of a senior building within the Oakwood Shores redevelopment site; and (2) Execute such documents and perform such actions as may be necessary or appropriate to implement the foregoing.

